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HONORABLE FREDERICK P. CORBIT

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

KATE QUINN ORGANICS, INC.,

Debtor.

Chapter 11

Case No. 25-00445-11

DECLARATION OF KATHERINE
QUINN IN SUPPORT OF
DEBTOR'S FIRST DAY MOTIONS

I, Katherine Quinn, declare as follows:

Introduction

1. I am the founder, CEO, and sole shareholder of Kate Quinn Organics, Inc. (“KQO” or the “Debtor”). I have personal knowledge of the facts set forth in this declaration and I am competent to testify to the same. I make this declaration in support of the Debtor’s first day motions in this case (the “Emergency Motions”), including:

A. Debtor’s Emergency Motion for Order (I) Authorizing Continued Use of Prepetition Cash Management System, Bank Accounts, and Check; and (II) Authorizing Debtor to Maintain and Administer Customer Programs and to Honor Prepetition Obligations Related Thereto (the “Cash Management Motion”);

B. Debtor’s Emergency Motion for Order Approving Adequate Assurance to Utilities (the “Utilities Motion”);

DECLARATION OF QUINN IN SUPPORT OF
FIRST DAY MOTIONS – Page 1

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1 C. Debtor's Emergency Motion for Authority to Pay Prepetition Payroll,
2 Employee Benefits, and Related Expenses (the "Wages and Benefits Motion");
3 and

4 D. Debtor's Emergency Motion for Entry of Order (I) Authorizing Interim Use
5 of Cash Collateral, (II) Granting Adequate Protection, and (III) Setting Final
6 Hearing (the "Cash Collateral Motion").

7 Capitalized terms not otherwise defined in this declaration have the same meaning as in
8 the Emergency Motions.

9 2. The Debtor filed its voluntary petition for relief under chapter 11 of the
10 Bankruptcy Code on March 14, 2025.

11 **Background**

12 3. KQO is a direct-to-consumer ("DTC") e-commerce retailer of clothing for
13 babies and kids, with matching clothes for moms. KQO designs and manufactures its
14 clothing in India with collectible custom prints and styles, using some sustainable and
15 organic fabrics. It has a strong online following on social media channels and does
16 fresh product launches weekly.

17 4. I started KQO because I wanted to create a brand that spoke to moms who
18 were interested in organic fibers and sustainability while incorporating bright colors,
19 fun prints and many of the design components of conventional brands that at the time
20 were not represented in organic or eco-centric brands. A friend of mine was working
21 with a surf hotel in Nicaragua and shared some info about organic cotton farming.
22 Eventually, I found a supplier in India and I thought their organic cotton farming and
23 production was a good fit, so I designed and had our first pieces produced.

1 5. Over the years, KQO has sold to Target, Nordstrom, and Crate & Barrel,
2 as was as through international franchise stores.

3 6. KQO spent many years as an omni-channel brand, selling product through
4 wholesale, retail, international distribution, and franchise channels. In 2018, I realized
5 my true love was our end consumer—I am obsessed with delighting them, creating
6 pieces that speak to the magic of childhood and the memories made, so we decided to
7 transition to a direct-to-consumer (“DTC”) model that is based on connection with our
8 customers.

9 7. My minority business partner at the time, with whom I had not had a good
10 working relationship, decided to return to the business in 2019 when he saw the tax
11 returns evidencing solid financial performance. Despite our previously poor business
12 relationship, I decided to let him jump back in, partly because he told me he had made
13 some personal changes, and partly because he was offering to come on as COO and
14 CFO at a time when I was feeling very much like I needed more operational help. He
15 had a strong background in children’s retail, digital marketing, and small business
16 financial and operational support.

17 8. KQO continued to do well, and by the time pandemic hit in early 2020, we
18 had already experienced some awesome growth, and we were running super lean and
19 were profitable, all while scaling safely with small capital loans. As the business
20 continued to grow and landed on the INC 500 several times in a row, we began to gain
21 more attention from PE firms, bankers and the media. I recall being told that KQO was
22 likely worth something in the range of \$100 million due to our recent growth trajectory,
23 so I agreed that it made sense to go to market.

1 9. We signed a contract with investment bank Cascadia Capital in 2021 to
2 find a deal for us. My business partner owned all the relationships at this point
3 including the CPA that he hired, our operational staff, suppliers and vendors. As the
4 creative side of the business, I was essentially kept in a “don't tell Kate, just have her
5 create” box for several years.

6 10. In 2021, we delayed going to market to get Q4 on the books. We went to
7 market in Spring 2022 and despite my pleas, my business partner launched a new
8 warehouse management system (“WMS”) system that month. From the beginning, the
9 WMS was a disaster. It was non-functional, we could hardly get orders out for 30 days,
10 we couldn't bring new product in—all during a period when the New York Times had
11 done a story on us and we couldn't ship any of the new orders from the heavy traffic.
12 This crushed us operationally and made our customers hate us. Someone threatened to
13 burn my house down, another lady showed up at my home, and my children were
14 doxxed online by an angry customer who shared both the name of their elementary
15 school and our home address with other angry customers in a post on Facebook. It was
16 like a horror show.

17 11. Meanwhile, the private equity firms who had originally bid \$38-72 million
18 were watching all of this. We were able to salvage two options for selling as we limped
19 into Q2 with delayed shipments. We held discounted sales to move out-of-season goods
20 so we could generate cash to pay our suppliers. During this period, my business partner
21 took more and more loans to cover the losses that summer instead of scaling back
22 unnecessary spend. Meanwhile, one particular that had loaned us money had a data
23 glitch and was nearly doubling our payback amounts and taking 60% of our revenue,

1 while another lender was taking nearly all the rest, leaving us with almost nothing to
2 pay for operations.

3 12. We finally signed an LOI with a PE firm that I really liked. It was much
4 less than the \$70 million we had previously been offered, but at that point I just wanted
5 security and was happy to still have an interested buyer. Unfortunately, that deal fell
6 through at the end of 2022 as e-commerce retail generally softened and the PE firm told
7 us that they needed to use their cash to bail out a pet treat deal and wouldn't be able
8 complete their acquisition of KQO. We were left with a wild amount of short term debt,
9 an operational mess, and unsustainable expenses.

10 13. During this time I learned that my business partner had hired an out of
11 work cellist, not a CPA, to handle KQO's finances, and she had been making large
12 unneeded payments to the IRS that equaled nearly \$2.5 million. That severely
13 diminished our working capital during a critical time. This same quasi-accountant also
14 miscalculated our COGS which created an ongoing problem because our margins were
15 less than we thought and that enabled my business partner to keep spending at an
16 unsustainable level.

17 14. KQO ended 2022 with an \$8 million loss, caused by too-large payroll;
18 mismanaged buys (including \$6 million in inventory that was lost on the warehouse
19 floor for nearly 6 months); and angry suppliers because of exfactory delays resulting in
20 out of season goods needing to be sold at loss discounts, among other issues. When the
21 dust settled, we were left with about \$11 million dollars in short term debt.

22 15. By working systematically and diligently to reduce cost of goods sold,
23 labor costs, and by implementing fair price increases on key products, among other

1 measures, KQO managed to eke out a profit in 2023, but given the company's crushing
2 debt load from its failed acquisition in 2022, we were forced to operate using expensive
3 short term debt. My business partner departed KQO in December 2022.

4 16. In November 2024, creditor Kickfurther stopped lending to us because our
5 bank accounts were apparently too low after we prepaid for a couple of shipments out
6 of India for the holidays. We had no choice but to do that because Kickfurther was slow
7 to fund us. Having the Kickfurther funding dry up severely impacted KQO's ability to
8 get new inventory and generate revenue, causing KQO to fall farther behind with more
9 creditors and creating a cycle of distress that has been impossible to escape.

10 17. Moving forward, my team and I have made significant changes to KQO's
11 cost structure including reducing head count to only operationally critical employees (a
12 process that is ongoing); limiting marketing spend and eliminating agency fees;
13 increasing MSRP to more accurately reflect the value of our product; negotiating lower
14 factory costs (ongoing); employing a new buying strategy focused on bringing in only
15 quick moving product to limit mark downs; updating our ship to customer platform,
16 reducing costs by 10%; reducing sample and studio costs; and reducing supply,
17 building and operational costs by shedding our Woodinville lease and working to
18 optimize and shrink the lease for our operations in Lynnwood.

19 **Use of Cash Collateral**

20 18. The Debtor seeks to use Cash Collateral, as that term is defined in the Cash
21 Collateral Motion. A true and correct copy of the Interim Budget is attached as Exhibit
22 A.

1 19. The Debtor requires the immediate use of the Cash Collateral to continue
2 uninterrupted operations for the benefit of its creditors and its estate, thereby avoiding
3 immediate and irreparable harm to their business.

4 20. The Debtor is unable to obtain sufficient unsecured credit to fund its
5 continued operations without the use of Cash Collateral.

6 21. Without use of Cash Collateral, the Debtor will be unable to pay its ongoing
7 operating expenses, including payroll, and will thus be unable to continue ongoing
8 business operations.

9 22. The Debtor represents that it has insufficient funds to operate unless it uses
10 Cash Collateral, as it holds no unencumbered funds and does not have sources of
11 unencumbered funds, and that the present circumstances require the Debtor to use Cash
12 Collateral in order to maintain its ongoing business for the benefit of its estate and
13 creditors.

14 23. The Debtor has an immediate need to use Cash Collateral to maintain,
15 preserve and protect its assets and has provided for adequate protection of the SBA's
16 interest in the Cash Collateral, as described above.

17 24. The Cash Collateral Motion must be heard on an emergency basis to avoid
18 irreparable harm to the Debtor and its estate. Without immediate use of cash collateral,
19 the Debtor will not have the funds necessary to pay payroll, payroll taxes, trade vendors,
20 suppliers, overhead and other expenses necessary for the continued operation of the
21 Debtor's business and the management and preservation of the Debtor's assets and
22 property.
23

25. In 2020, the Debtor borrowed approximately \$500,000 from the SBA. On July 3, 2020, the SBA filed a UCC financing statement asserting an interest in substantially all the Debtor's assets, including cash collateral. A true and correct copy of that financing statement is attached as Exhibit B. As of the Petition Date, the Debtor owes the SBA approximately \$140,000.

26. The Debtor believes that the following entities may also assert an interest in the Debtor's cash:

<u>Creditor</u>	<u>Transaction Date</u>	<u>Approx. Balance</u>
LG Funding LLC	May 2, 2024	\$91,000.00
Ouiby Inc. d/b/a Kickfurther	June 24, 2024	\$100,513.99
CFT Clear Finance Technology Corp.	June 28, 2022	\$3,000,000.00
CFG Merchant Solutions, LLC	July 10, 2024	\$500,000.00
Oat Financial, Inc.	September 4-16, 2024	\$310,000.00
Capybara Capital LLC	October 21, 2024	\$310,000.00
Essentia Funding	November 19, 2024	\$190,000.00
Fox Funding Group LLC	December 12, 2024	\$190,000.00
Pinnacle Business Funding LLC	December 20, 2024	\$140,000.00

Utilities

27. The Utility Providers listed on Exhibit A to the Utilities Motion provided utility services to the Debtor prior to the Petition Date. The continuation of those utility services is crucial to the Debtor's continued operations and reorganization, and the Debtor may suffer irreparable harm if the relief requested in the Utilities Motion is not

1 granted. The Debtor intends to timely pay all post-petition amounts owed to its Utility
2 Providers.

3 28. As adequate assurance of future payment to the Utility Providers, the Debtor
4 proposes to establish and fund an account in the amount of \$3,545.00. This amount is
5 equal to approximately two (2) weeks of utility service from all the Debtor's Utility
6 Providers based upon the Debtor's current and historical utility usage and bills as
7 reflected on Exhibit A to the Utilities Motion. The Utility Account established by the
8 Debtor will serve as a cash security deposit to provide adequate assurance of payment
9 for utility services the Utility Providers provide to the Debtor after the Petition Date.

10 29. If the Debtor fails to timely pay a Utility Provider for post-petition utility
11 services, the Utility Provider may submit a payment request to the Debtor, certifying that
12 the Debtor failed to pay for post-petition utility services and that such amounts remain
13 outstanding. The Debtor shall then be required to pay the outstanding amount within
14 seven (7) business days following receipt of the payment request from the Utility
15 Provider, subject to the Debtor's right to contest the payment request in this court or any
16 other court with jurisdiction.

17 30. Payments from the Utility Account shall be made in the order that the
18 Debtor receives requests and the Debtor shall ensure that the Utility Account is
19 replenished such that its balance remains at or above \$3,545.00, or such greater amount
20 as the court may require.

21 31. The Utilities Motion must be heard on an emergency basis because it is
22 imperative to the Debtor's operations that it continues to receive utility services,
23

unaltered and uninterrupted, in light of the Debtor's provision of adequate assurance to utility providers.

Cash Management

32. As of the Petition Date, the Debtor maintains two bank accounts and five merchant accounts with various fintech online payment platforms as described in the following table:

Bank / Merchant Name	Account No. (last four)	Type of Account	Purpose of Account
Bank of America	5708	Business Checking	Operating (inactive)
Bank of America	4106	Business Checking	Operating
Afterpay	N/A	Payment Gateway	Online payment platform
PayPal	N/A	Payment Gateway	Online payment platform
Shopify	N/A	Payment Gateway	Online payment platform
Shop Pay	N/A	Payment Gateway	Online payment platform
Square	N/A	Payment Gateway	Outlet Store payment platform

33. As of the Petition Date, the flow of funds between and among the Debtor's various financial accounts is as follows: In-store sales are processed through KQO's Square account, with revenue from those sales transferred to KQO's Bank of America 4106 operating account (the "Operating Account"). Website online sales are processed through Shopify, and revenue from those sales is transferred to the Operating Account. KQO also receives some payments from customers via various payment gateways listed above, which are deposited into the Operating Account. All business expenses are paid out of the Operating Account either directly or indirectly. KQO depends on the continuity of its bank accounts and linked online payment platforms to effectuate significant daily transactions as part of its regular course of business. KQO's bank accounts do not

1 generally contain funds that exceed a total balance of \$250,000 and I do not anticipate
2 its funds in those accounts will exceed \$250,000 at any time during this Chapter 11 Case.

3 34. KQO's cash management system is an integral part of our business
4 operations and requiring us to establish a new cash management system would cause
5 unnecessary delay and disruption, making it more difficult for us to successfully
6 reorganize. For similar reasons, requiring KQO to open new bank accounts and to obtain
7 new checks would also be unnecessarily disruptive while providing no benefit to the
8 estate or its creditors. Continued use of our cash management system, bank accounts, and
9 checks will help to ensure a smooth transition in chapter 11 and minimal disruption to
10 our operations.

11 a. KQO's Cash Management System allows us to centrally manage cash and
12 includes the necessary accounting controls to enable KQO to trace funds through the
13 system and ensure that all transactions are adequately documented and readily
14 ascertainable. While the Chapter 11 Case is pending, KQO will continue to maintain
15 detailed records reflecting all transfers of funds.

16 **Customer Programs**

17 35. KQO employs the following customer programs which are standard in the
18 retail clothing industry. Without the ability to continue the Customer Programs and
19 satisfy any prepetition obligations owed in connection with those Programs, KQO risks
20 losing customer loyalty, goodwill, and market share in a competitive environment, which
21 loss could cause a precipitous decline in the value of the Debtor's business. KQO's ability
22 to continue the Customer Programs is necessary to keep our reputation intact, meet
23 competitive market pressures, ensure customer satisfaction, and, ultimately, maximize

1 value for the Debtor's estate and stakeholders.

2 36. KQO's Customer Programs include but are not limited to: (1) a gift card
3 program; (2) loyalty program points and coupons; (3) Debtor-issued store credit; and (4)
4 a refund policy. A summary of each Customer Program is set forth below:

5

Customer Program	Approx. Prepetition Obligations
Gift Card Program	\$402,377.76
Loyalty Program	\$906,000.00
Store Credit	\$105,570.70
Refund Policy	\$0

6
7
8

9 Gift Card Program

10 37. KQO maintains a gift card program whereby customers can purchase gift
11 cards online in customizable denominations up to \$1,000, which the customer funds in
12 advance and which are accepted as payment for purchases in the ordinary course of the
13 Debtor's business. As part of its gift card program, KQO also conducts limited
14 promotional contests and giveaways pursuant to which gift cards are given away as
15 prizes. Gifts cards are also issued by the Debtor for various reasons such as giveaways,
16 price adjustments, shipping issues, and inconvenience "we are sorry" \$5 gift cards.

17 38. KQO honors gift cards without expiration as part of its regular business
18 operations. In the twelve-month period preceding the Petition Date, KQO issued
19 approximately \$44,030.00 worth of gift cards through customer purchases. As of the
20 Petition Date, KQO estimates that the aggregate amount outstanding for issued gift cards
21 is approximately \$400,000. Given the various methods through which KQO gift cards
22 are distributed and sold, the Debtor is unable to track the aggregate gift card hold size on
23 a per-customer basis. However, based on general customer usage, I believe that any

1 customer claims arising under the gift card program are likely entitled to priority over
2 other general unsecured claims pursuant to section 507(a)(7) of the Bankruptcy Code, up
3 to \$3,350 per individual.

4 Loyalty Program

5 39. KQO also administers a customer loyalty program, in which customers can
6 earn loyalty points for each purchase based on their spending with KQO. As part of the
7 loyalty program, every dollar spent earns the customer 1 Point, which may be redeemed
8 for coupons in the following denominations:

- 9 • 300 Points: \$25 Off Coupon
- 10 • 500 Points: \$50 Off Coupon
- 11 • 750 Points: \$80 Off Coupon
- 12 • 1000 Points: \$120 Off Coupon

13 As of the Petition Date, there are approximately 60,000 members in the KQO loyalty
14 program, of which approximately 41,355 currently hold loyalty program points.

15 40. The KQO loyalty program is a strategic way of incentivizing customer
16 loyalty and repeat visits by providing added value to customers. KQO utilizes the loyalty
17 program in two manners: (i) as a rewards-based loyalty program designed to drive
18 marginal sales through data-driven offers, and (ii) as a brand-owned channel for
19 efficiently communicating with customers to increase engagement. As of the Petition
20 Date, the Debtor estimates that total liabilities for loyalty program are approximately
21 \$900,000.

22 41. KQO's continued participation in the loyalty program is both (a)
23 fundamentally important to the continued success of KQO customer direct sales, and (b)

1 a critical means of maintaining customer loyalty from existing customers and attracting
2 new customers.

3 Store Credit and Refund Policy

4 42. In the ordinary course of its business, KQO issues store credit to customers
5 for various reasons, including but not limited to damaged/wrong items delivered, missing
6 item/package, out of stock, recall credit, and store credit for returns or exchanges. KQO
7 also maintains an online refund practice for purchases that is consistent with what I
8 understand to be retail industry practice: refunds may be requested within 30 days of the
9 underlying transaction, and are satisfied either by issuance of store credit or credit card
10 refund. The refund policy assures that guest issues will be resolved if the merchandise
11 provided does not meet customer expectations.

12 43. The Cash Management Motion must be heard on an emergency basis to
13 avoid the irreparable harm of disruption to and termination of the Debtor's operations.
14 As detailed in the Cash Management Motion, the Debtor's uninterrupted ability to honor
15 prepetition gift cards and to continue to use existing cash management systems and pre-
16 petition bank accounts and checks, and to honor prepetition gift cards in the ordinary
17 course of business is critical to the Debtor's continued operations post-petition.

18 Wages and Benefits

19 44. The Debtor currently has 25 full-time employees, 7 part-time employees,
20 and 22 on-call staff.

21 45. The Debtor has incurred costs and obligations with respect to the Employees
22 that remain unpaid as of the Petition Date because they accrued, either in whole or in
23 part, prior to the Petition Date.

1 46. KQO pays wages and salaries to its Employees every two weeks. We
2 process payroll through payroll processing company ADP. Funds clear KQO's account
3 every other Tuesday or Wednesday, and employees and contractors are paid on Friday
4 (i.e., two days later). Payroll is always paid 1 week after the hours worked. Our average
5 aggregate gross payroll for all Employees is approximately \$80,000-\$110,000 every two
6 weeks. The next payroll date is March 21, 2025 for the pay period of March 1, 2025
7 through March 14, 2025, with gross payroll in the approximate amount of \$107,100.

8 47. It is critical to the continuation of KQO's operations, and to our smooth
9 transition into chapter 11, that payments to our Employees are made in a timely manner.
10 In light of the foregoing, KQO seeks authority to pay its Payroll Obligations for work
11 performed prior to the Petition Date for the pay period ending March 14, 2025, due March
12 21, 2025, as well as the pre-petition portion of the pay period running from March 1,
13 2025 through March 14, 2025, in accordance with its ordinary prepetition practices. No
14 Employee is owed more than \$13,650 for prepetition wages.

15 48. KQO maintains various employee benefits programs (the "Benefits
16 Programs") and pays various administrative fees¹ and premiums in connection those
17 programs, including health insurance premiums for active full time Employees (medical,²
18 dental³ and vision⁴), a 401(k)⁵ plan and paid leave. I believe that KQO's failure to honor

19
20 ¹ Health insurance brokerage fees due and payable to The Baldwin Group are directly paid through the Debtor's
Benefits Program's vendors.

21 ² Regence BlueShield, Group No. 10046101, Regence Classic plan.

22 ³ Delta Dental, Group No. 15975, Delta Dental PPO.

23 ⁴ VSP Vision Care, Inc., VSP Choice Plan, Policy No. 40153835.

⁵ Automatic Data Processing, Inc. (ADP), 401(k) retirement plan, Plan No. 284436.

1 its obligations in connection with the Benefits Programs could result in attrition at a time
2 when the Debtor is most susceptible to business disruption on account of labor
3 fluctuations. Therefore, it is essential that KQO maintain and promote loyalty and morale
4 among its Employees at this critical time.

5 49. I estimate that, as of the Petition Date, KQO pays approximately \$5,925 per
6 month total on account of the Benefits Programs.

7 50. The Debtor is required by law to withhold from the Employees' wages
8 amounts related to federal income taxes, and Social Security and Medicare taxes
9 (collectively, the "Trust Fund Taxes") and to remit the same to the appropriate taxing
10 authorities (the "Taxing Authorities"). The Debtor is required to match from its own
11 funds the Social Security and Medicare taxes and pay, based on a percentage of gross
12 payroll, additional amounts of unemployment insurance (together with the Trust Fund
13 Taxes, "Payroll Taxes") and to remit the Payroll Taxes to the Taxing Authorities.

14 51. I estimate that, on a semi-monthly basis, KQO remits a total of
15 approximately \$26,730, including both Payroll Taxes and Tax Withholdings to the
16 Taxing Authorities.

17 52. It is critical that the Wages and Benefits Motion be heard on an emergency
18 basis because the Debtor's ability to continue to honor its prepetition employee
19 obligations is vital to the post-petition stability of the Debtor's workforce. The support
20 and efforts of the Debtor's workforce are critical to the Debtor's successful
21 reorganization. Any delay in payments to employees or disruption of their benefits may
22 irreparably harm employee morale, dedication, and cooperation, and poses a legitimate
23 risk of losing the Debtor's personnel.

1 53. For many of the Debtor's Employees, the payments received from the
2 Debtor are needed to enable the Employees to meet their own financial obligations. As a
3 result, absent an order granting the relief requested, the Employees and their families are
4 likely to suffer personal hardship and, in many instances, serious financial difficulties.

5 I declare under penalty of perjury under the laws of the United States of America
6 that the foregoing is true and correct.

7 DATED this 14th day of March, 2025 at Lynnwood, Washington.


8 Signed by:

9 1079FDE4D693466...
Katherine Quinn

EXHIBIT A

Kate Quinn Organics
Cash Collateral Budget
3/14/2025

Week Ended Sunday	1	2	3	4	5	6	7	8	9	10	11	12	13
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
3/23/2025	3/30/2025	4/6/2025	4/13/2025	4/20/2025	4/27/2025	5/4/2025	5/11/2025	5/18/2025	5/25/2025	6/1/2025	6/8/2025	6/15/2025	
Beginning Cash Balance													
Inflows													
Deposits	-	300,000	402,400	219,300	249,600	253,800	287,500	301,000	310,200	322,200	282,100	313,800	302,200
Owner Contribution	250,000	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	250,000	300,000	402,400	219,300	249,600	253,800	287,500	301,000	310,200	322,200	282,100	313,800	302,200
Outflows													
Inventory	-	259,700	56,700	125,600	150,200	112,700	27,300	157,600	64,200	134,100	115,500	116,500	120,400
Freight	-	61,600	69,200	37,700	35,900	43,600	49,400	51,800	60,300	55,400	48,500	54,000	52,000
Returns	-	2,700	3,700	2,000	2,300	2,300	2,600	2,800	2,800	2,900	2,600	2,900	2,800
Factory Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment Processors	-	3,000	4,000	2,200	2,500	2,600	2,900	3,000	3,100	3,200	2,800	3,200	3,000
Payroll	107,100	5,300	103,100	18,000	107,100	5,300	103,100	18,000	107,100	5,300	103,100	18,000	107,100
Employee Benefits	1,300	-	30,200	-	300	-	30,200	-	300	-	30,200	-	300
Loan Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fund	-	-	-	-	-	50,000	-	-	-	50,000	-	-	-
US Trustee Fees	-	-	-	2,100	-	-	-	-	-	-	-	-	-
Facilities	1,500	5,100	38,000	1,500	1,500	1,500	38,000	1,500	1,500	1,500	38,000	1,500	1,500
Advertising & Marketing	-	-	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200
Insurance	20,000	800	-	7,200	-	800	-	7,200	-	800	-	7,200	-
Office Expense	300	300	300	300	300	300	300	300	300	300	300	300	300
Software & Equipment	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Tax & Licenses	-	-	-	43,700	-	-	-	39,900	-	-	-	72,600	-
Misc	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
Total Outflows	140,600	348,900	330,800	265,900	325,700	244,700	279,400	307,700	265,200	279,100	366,600	301,800	313,000
Net Activity	109,400	(48,900)	71,600	(46,600)	(76,100)	9,100	8,100	(6,700)	45,000	43,100	(84,500)	12,000	(10,800)
Ending Cash Balance	111,400	62,500	134,100	87,500	11,400	20,500	28,600	21,900	66,900	110,000	25,500	37,500	26,700

EXHIBIT B

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company800-858-5294
B. E-MAIL CONTACT AT FILER (optional) WAFilings@cscinfo.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Corporation Service Company 801 Adlai Stevenson Dr Springfield, IL 62703 USA

Date of Filing : 07/03/2020
Time of Filing : 02:06:00 PM
File Number : 2020-185-6552-0
Lapse Date : 07/03/2025

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Kate Quinn Organics, Inc.				
OR				
1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
1c. MAILING ADDRESS 16531 13th Ave W, Suite A102	CITY Lynnwood	STATE WA	POSTAL CODE 98037	COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME U.S. Small Business Administration				
OR				
3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c. MAILING ADDRESS 10737 Gateway West, #300	CITY El Paso	STATE TX	POSTAL CODE 79935	COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:

All tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest Borrower grants

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:

☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:

☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

[190740904]

4. This FINANCING STATEMENT covers the following collateral:

includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

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